

1. Removed the Arkansas Code and the Trust Act from manual
2. Revised the Table of Contents and Index to reflect these changes.
3. Updated State Banking Board Members
4. New date of September 1, 2005
5. Added Arkansas Code Annotated sections to each ASBD regulation for reference (Example: - A.C.A. § 23-47-603)

46-305.1 ~~APPLICATIONS/DOCUMENTS~~ - A.C.A. § 23-46-305

The Commissioner and the State Banking Board ~~may permit applications and supporting documentation, or any other documents to be submitted to the State Bank Department in original paper format, photographic format, or electronic format, which has been determined as acceptable by the Commissioner.~~

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47-401.2 - INVESTMENT - CONSUMER PAPER - A.C.A. § 23-47-401

A bank may purchase consumer paper without recourse, warranty, or repurchase agreement. If, however, the bank purchases dealer paper under an arrangement whereby the dealer endorsed the paper or guaranteed its payment or repurchase, then under A.C.A. § 23-47-501, the loan limit (so far as the dealer ~~is~~ concerned), would be exceeded if the dealer's liability as endorser plus his/her primary liability, if any, to the bank exceeds twenty percent (20%) of the capital base.

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1. **EFFECT OF RESERVE.** When consumer paper is purchased by the bank under guaranty or repurchase agreement, if the contract provides for the creation of a reserve by withholding from disbursements or otherwise out of which the bank is entitled to remedy defaults, for loan limit purposes the amount of this reserve may be deducted from the total advances to the dealer.

2. **EFFECT OF DEFAULT.** If two consecutive installments under an item of pledged consumer paper which the dealer has transferred with recourse or under a guaranty should at any time be in default, the entire amount remaining as owed under the defaulted item will be charged against the dealer's loan limit.

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47-501.1 - CERTIFICATES OF RELIANCE - ENDORSED OR GUARANTEED OBLIGATIONS - A.C.A. § 23-47-501

The use of Certificates of Reliance was repealed by Act 427 of 2005. State Banks are no longer authorized to use Certificates of Reliance.

Deleted: The board of directors must by resolution designate the officer(s) authorized to make the certification aforesaid. Each such certification must be supported by adequate data in the bank's credit files. However, it does not seem reasonable to require that in each instance the certification should be made before the credit is extended; therefore, the Commissioner and the State Banking Board will require that the certification be made within twenty (20) days after the completion of the credit transaction. A separate certificate must accompany each obligation for compliance purposes. It is recommended that this not be stamped on the instrument so that compliance with this section will not have an impact on any legal liability or claim.

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46.403.1 - PUBLICATION REQUIREMENTS - APPLICATIONS BEFORE THE STATE BANKING BOARD – A.C.A. § 23-46-403

Sponsors of the following applications must publish notice of the proposed application three (3) times at equal intervals in a newspaper of statewide circulation. Publication shall be as close as practicable to the date the application is filed with the State Bank Department, but no more than ten (10) calendar days prior to or after the filing date. Publications must provide for a fifteen (15) day comment period beginning with the actual filing of the application. These applications are:

- (1) New state bank charters;
- (2) Merger or consolidation applications between one or more banks, or saving and loan associations into a state bank;
- (3) Purchase or assumption application (over 50% of the assets or liabilities) of another depository institution; and
- (4) Change of a state bank's main banking office from one municipality to another (Simple or Complex Application).

46-404.1 - APPLICATION FILING FEES - APPLICATIONS TO BE PRESENTED TO THE STATE BANKING BOARD – A.C.A. § 23-46-404

Following is a list of application filing fees:

a) New bank charter	\$8,000
b) Merger applications (per institution)	\$5,000
c) Conversion (national bank to state bank)	\$8,000
d) Conversion (stock savings and loan or federal savings bank to state bank)	\$8,000
e) Charter amendments	\$ 200
f) Charter amendments for trust powers	\$ 500
g) Purchase or assumption	\$5,000
(over fifty percent (50%) of assets or liabilities of another depository institution)	
h) Relocation of main office from one municipality to another (<u>Application does not include any reorganization or change of bank business plans – must be simple relocation of address only</u>)	\$2,500
i) <u>Reorganization and Relocation of Bank Charter (Complex Application)</u>	
<u>\$6,500</u>	

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46-404.2 - APPLICATION FILING FEES - APPLICATIONS WHICH ARE NOT FILED WITH THE STATE BANKING BOARD – A.C.A. § 23-46-404

a) New branch banking office A.C.A. § 23-48-703	\$3,000
b) Relocation of existing branch office (inside current municipality) A.C.A. § 23-48-702	\$1,000
c) Relocation of existing branch office (outside of current municipality) A.C.A. § 23-48-702	\$2,500
d) Plan of exchange	\$ 500
(plus expenses of Commissioner; does not include costs associated with appraisals of bank stock)	
e) Filing of fictitious name	\$ 25
f) Filing of out-of-state bank/bank holding company	\$ 300
g) Change in Control	\$1,500

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h) Purchase or Assumption (less than fifty percent (50%) of assets or liabilities)

\$3,000

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46-406.1 – HEARINGS - FILING FEES FOR WRITTEN/OFFICIAL PROTESTS –
A.C.A. § 23-46-406

a) A filing fee of \$2,500 will be required to file an official protest for the following applications:

- 1) New bank charter
- 2) Merger application
- 3) Purchase or assumption (over fifty percent (50%) of assets or liabilities) or (less than fifty percent (50%) of assets or liabilities)
- 4) Conversion (national to state bank)
- 5) Conversion (stock savings and loan or federal savings bank to state bank)
- 6) Relocation of main office from one municipality to another (Simple Application)
- 7) Reorganization and Relocation of Bank Charter (Complex Application)

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b) A filing fee of \$1,000 will be required to file an official protest for a branch application (A.C.A. § 23-48-703).

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ADMINISTRATIVE POLICY #002 *REVISED – 06/30/04*

Robert H. Adcock, Jr., Bank Commissioner

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BILL J. FORD, BANK COMMISSIONER

RETAIN FOR

MAY 31, 1997

FUTURE

SUBJECT: BANK HOLDING COMPANY SUPERVISION

REFERENCE

ADMINISTRATIVE POLICY #003 *REVISED – 09/30/01*

Frank White, Bank Commissioner

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BILL J. FORD, BANK COMMISSIONER RETAIN FOR

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ISSUED: MARCH 30, 1988

FUTURE

SUBJECT: RISK RATING/RESERVE ALLOCATION

REFERENCE

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ADMINISTRATIVE POLICY #007 *REVISED – 09/01/05*

Robert H. Adcock, Jr., Bank Commissioner

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BILL J. FORD, BANK COMMISSIONER

RETAIN FOR

DATE: JANUARY 31, 1995

FUTURE

SUBJECT: CONTINGENCY PLANNING

REFERENCE

The community bank plays a vital role in rebuilding a community in the event of a catastrophic disaster as well as a localized disaster. In order for the community bank to respond quickly and efficiently to the needs of the community and its own needs, the bank must be prepared to implement a comprehensive and effective contingency plan.

A. General Concept

The contingency plan should set forth the bank's plan of action in dealing with various emergency situations. To be effective, the plan should contain as much detail as possible and incorporate each of the bank's departments. The purpose of contingency planning is to minimize disruptions of service, minimize financial loss, and ensure timely resumption of operations.

Contingency planning is an ongoing process. After the plan is written, it should be approved by the Board of Directors and reviewed annually. In order for the plan to be successfully implemented, it must be presented and discussed with all bank personnel. Employees should be appropriately trained to handle certain emergency situations. The areas addressed in this policy apply to in-house systems, remote job entry sites and data processing servicers. Banks and data processing servicers which have not adopted a contingency plan will be cited for contravention of this policy.

B. Contingency procedures.

Written contingency procedures should, at a minimum address:

1. Conditions or situations that necessitate implementing the plan and using the backup site.

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2. Responsibility for making a decision and guidelines as to when it should be made.
3. Notification of employees.
4. Backup site notification.
5. Procedures to be followed at the backup site.
6. Files, input work, special forms, etc., to be taken to the backup site and means of transportation.
7. Facility shutdown.
8. Executive succession.
9. Hardware/Software backup.
10. Data files/off-site storage.
11. Training.
12. Telecommunications backup.
13. Evacuation and shelter.
14. Emergency services and information.
15. Microcomputer processing.
16. Priority of applications to be processed.

C. Contingency plan testing and review.

The contingency plan should be tested at least every twelve months. For example, if the last test date was March 31, 1994, the bank must test the plan on or before March 31, 1995. If the contingency plan is not tested within the required time frame, the bank will be cited for contravention of this policy. It is also recommended the plan be tested whenever there are major changes in personnel, policies and procedures or hardware and software products.

Backup files should be used when testing is performed at the backup site. After testing, a summary report of the test should be presented to the Board of Directors for review.

D. Out-of-State Servicers.

If a bank has an out-of-state servicer that performs EDP contingency processing, a representative from the bank ~~generally will not be required to attend the process testing. However, the Commissioner may require such attendance if he should determine it to be necessary for a particular institution. Such determination will be done on a case-by-case basis. If a bank representative is required to attend~~ the representative should ensure that:

1. The bank's data is processed in a timely manner.
2. Communication between the backup site and the bank is established and maintained.
3. Assist servicer in the processing of software applications.

Further guidance for contingency planning and procedures can be found in the Information Systems Handbook prepared by the Federal Financial Institutions Examination Council (FFIEC). Additional materials regarding contingency/disaster recovery planning may be obtained from trade associations, accounting firms, and the disaster recovery industry

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